

## Message Text

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53

ACTION NEA-10

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 SP-02 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 L-03 H-02 PA-01 PRS-01 USIA-06 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 OES-03 FEAE-00 INT-05 /128 W

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P R 101140Z JUL 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 1831

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

DOD WASHDC

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

USMISSION OECD PARIS

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

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BEIRUT PASS USINT BAGHDAD

E.O. 11652: N/A

TAGS: EFIN, SA

SUBJECT: SAUDI BUDGET ANNOUNCED WITHOUT CHANGES IN MINISTRIES

REF JIDDA 4915

SUMMARY: THE SAUDI ARABIAN BUDGET FOR THE COMING YEAR WAS ANNOUNCED ON TELEVISION AND RADIO EVENING OF JULY 9. TOTAL INCOME INCLUDING TRANSFERS FROM RESERVES AMOUNT TO 31.5 BILLION DOLLARS. EXPENDITURES, INCLUDING APPROXIMATELY ONE BILLION DOLLARS IN DIRECT AID, EQUAL REVENUES. THIS IS CLOSE TO TRIPLE AMOUNT OF LAST YEARS BUDGET. ACTUAL SPENDING RATE HAS NOW REACHED ONLY ONE-THIRD THE RATE PROJECTED IN THE NEW BUDGET. END SUMMARY.

1. SAUDI ARABIAN BUDGET FOR COMING YEAR ANNOUNCED BY TELEVISION AND RADIO MEDIA EVENING OF JULY 9 AS SCHEDULED. TOTAL "PUBLIC INCOME" REVENUES COME TO 95 BILLION RIYALS (\$27.2 BILLION AT CURRENT RATE OF 3.49 SR TO DOLLAR). ADDITIONAL INCOME FOR YEAR IS A TRANSFER FROM RESERVES ITEM OF 15 BILLION SR (\$4.3 BILLION) GIVING TOTAL OF \$31.5 BILLION.

2. EXPENDITURES ARE DESIGNED TO MEET THESE REVENUES WITH NEAR TRIPLING OF PROJECTED SPENDING BY ALMOST ALL INDIVIDUAL MINISTRIES FROM LAST YEARS BUDGET. SOME OF HIGHLIGHTS INCLUDE: (IN BILLIONS OF DOLLARS, PREVIOUS FISCAL YEAR BUDGET IN PARA):

A. MINISTRY OF DEFENSE 6.59 BILLION (\$2.52).

B. NATIONAL GUARD POINT 744 BILLION (POINT 34 BILLION).

C. MINISTRY OF INTERIOR \$5.44 BILLION (\$1.89).

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D. EDUCATION, INCLUDING GIRLS BUT NOT INCLUDING UNIVERSITIES, \$3.2 BILLION (POINT 85 BILLION).

E. UNIVERSITIES \$POINT 55 BILLION (UNAVAILABLE).

F. ROADS AND PORTS \$2.6 BILLION (\$POINT 94 BILLION).

G. TELECOMMUNICATIONS \$POINT 74 BILLION (\$POINT THREE BILLION).

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H. MUNICIPALITIES AND WATER DEPARTMENTS \$4 BILLION (NOT AVAILABLE).

I. DESALINATION AGENCY \$POINT 63 BILLION (UNAVAILABLE).

J. MINISTRY OF AGRICULTURE \$POINT 63 BILLION (\$POINT 37 BILLION).

TOTAL FOREIGN AID IS PROJECTED AS \$1.2 BILLION (LAST YEAR COMPARABLE FIGURE UNAVAILABLE BUT ESTIMATED AT THREE BILLION DOLLARS INCLUDING IMF/IBRD DEPOSITS OR SPECIAL FUND PURCHASES).

3. BUDGET MESSAGE NOTES THAT EXPENDITURES WILL (SIC) EXCEED REVENUES AND THIS IS REASON FOR TRANSFER OF 4.3 BILLION DOLLARS FROM RESERVES. GENERAL STATEMENT ON BUDGETARY GOALS WAS AS FOLLOWS: "THE AIM OF HIS MAJESTY'S GOVERNMENT .... IS TO ACHIEVE WIDEST DEVELOPMENT PROGRAM, TO EXPAND INFRASTRUCTURE, DEVELOP HUMAN RESOURCES, AND GIVE SUITABLE PRIORITY TO THE ARMED FORCES .... OIL INCOME IS BASED ON 85 PERCENT TAX ON THE COMPANIES AND 20 PERCENT ROYALTY IN ADDITION TO PROFITS FROM OIL MARKETING BY PETROMIN."

4. BUDGET MESSAGE ALSO POINTEDLY BROUGHT TO PUBLIC ATTENTION A MORE THAN DOUBLING IN ESTIMATED EXPENDITURES LIMITED OFFICIAL USE

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FOR GOVERNMENT SALARIES TO MORE THAN \$2.5 BILLION. HOUSING EXPENDITURES ARE ESTIMATED AT 10 BILLION SR OR \$2.8 BILLION FOR THE COMING YEAR.

5. NO CHANGES IN MINISTRIES ANNOUNCED AND ALTHOUGH RUMORS AROUND THAT A NEW MINISTRY OF INDUSTRY AND A NEW MINISTRY OF PLANNING AND DEVELOPMENT WILL SHORTLY BE FORMED.

6. PRELIMINARY ANALYSIS INDICATES THAT NEW SAUDI TEAM HAS LARGELY RETAINED OLD SYSTEM OF OVER-BUDGETING AND SPENDING CAN BE ESTIMATED TO RISE ONLY GRADUALLY FROM CURRENT ONE-BILLION DOLLAR A MONTH LEVEL. LESS THAN HALF OF BUDGET WILL BE SPENT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BUDGET, ECONOMIC ESTIMATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750238-0586  
**From:** JIDDA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1975/newtext/t19750770/aaaacken.tel  
**Line Count:** 169  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 JIDDA 4915  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 APR 2003 by Izenbel0>; APPROVED <09 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SAUDI BUDGET ANNOUNCED WITHOUT CHANGES IN MINISTRIES  
**TAGS:** EFIN, SA  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006